

# Redefining Profit, Value, and Success

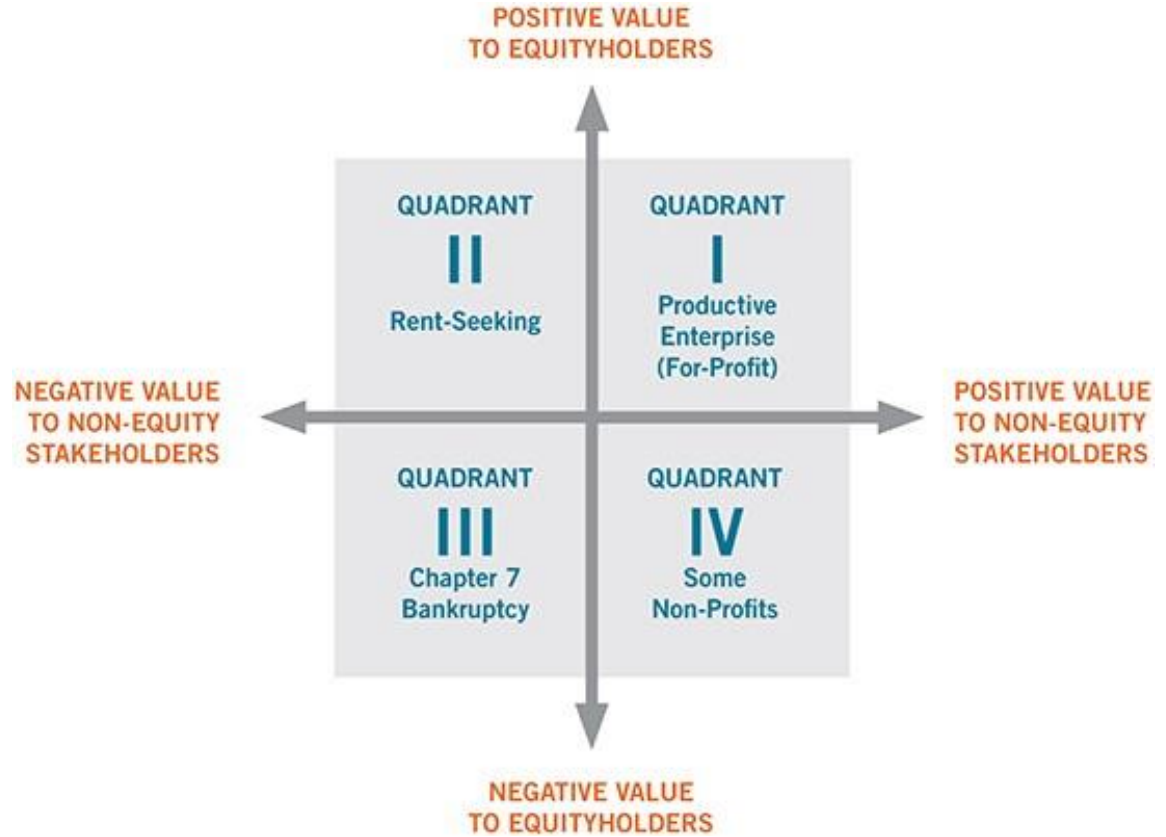
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# Taxonomy



Source: Serafeim, Zochowski, Downing.

["Impact-Weighted Financial Accounts: The Missing Piece for an Impact Economy"](#)

# Where to Start?

**Environment**



**Employees**

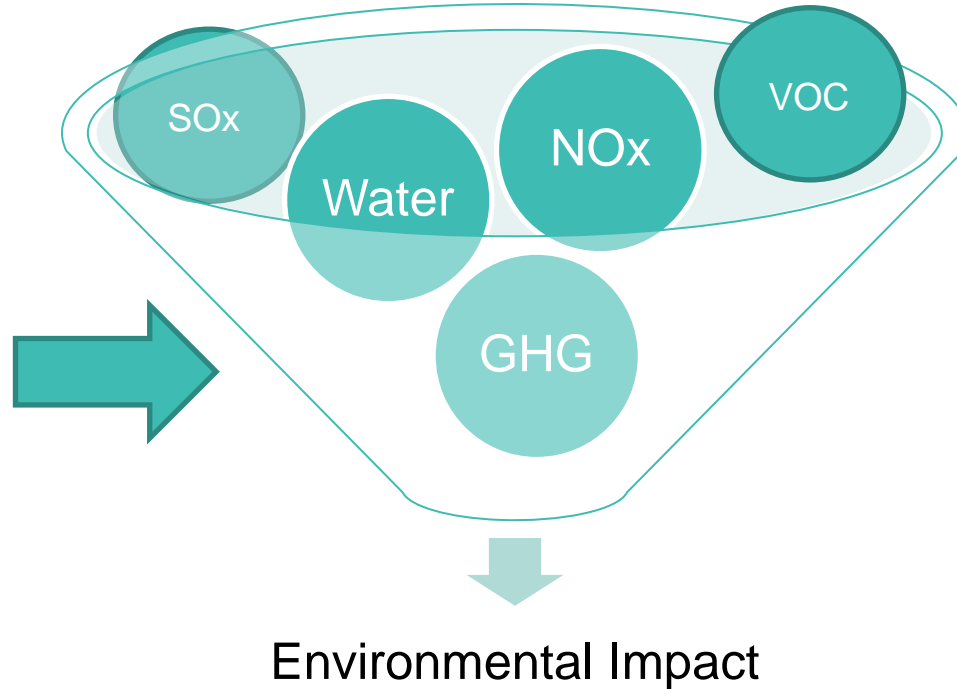


**Customers**



# Environmental Impact

- ❑ Capacity
  - Working
  - Fish Production
  - Crop Production
  - Meat Production
  - Water Production
  - Wood Production
- ❑ Biodiversity
- ❑ Abiotic Resources



# Auto Components and Cars



41%  
\$417 Million



38%  
\$114 Million



14%  
\$401 Million



12%  
\$457 Million



17%  
\$758 Million



8%  
\$440 Million



4%  
\$396 Million



4%  
\$956 Million

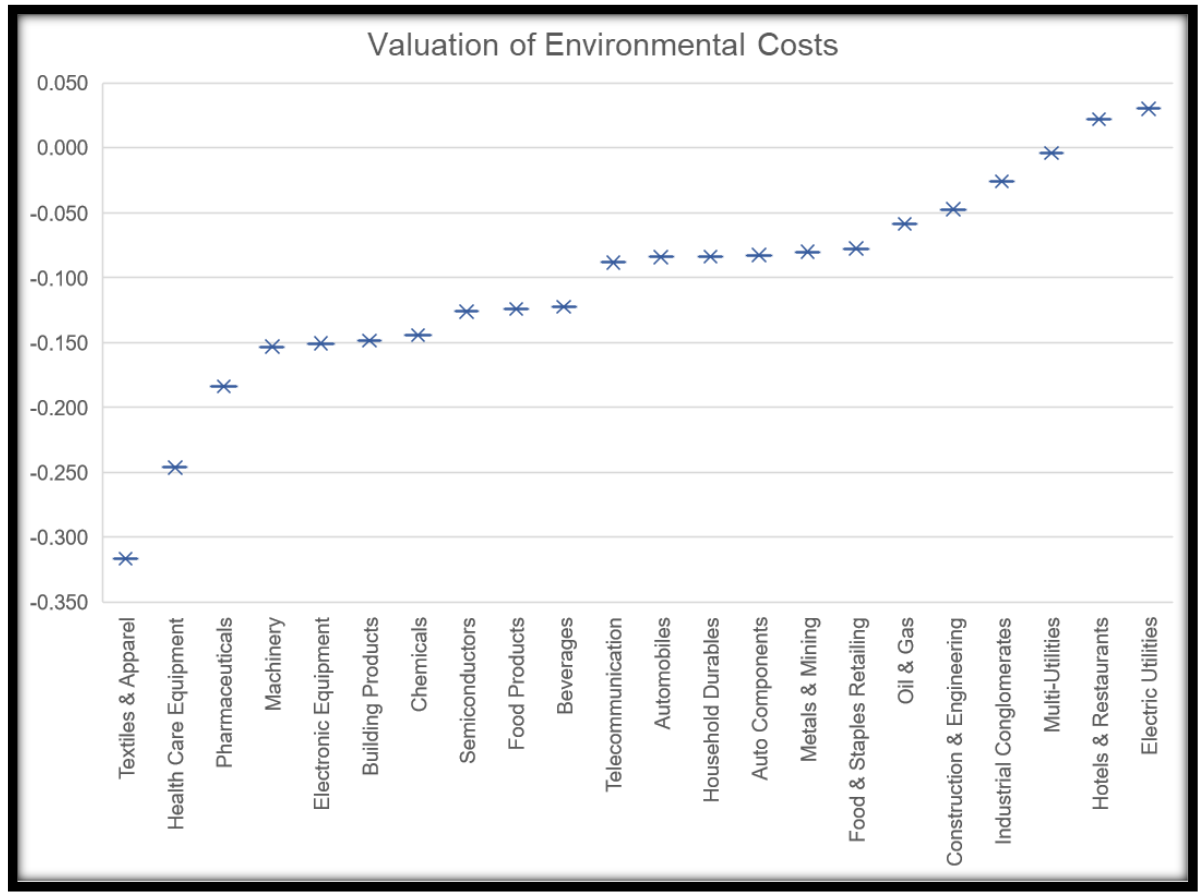


4%  
\$281 Million

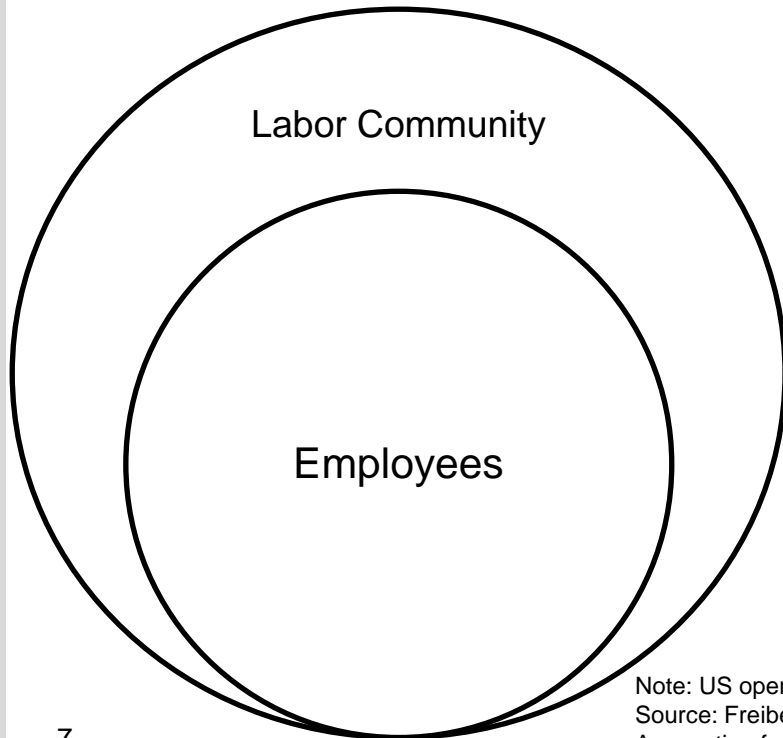


3%  
\$87 Million

# Value



# Employment Impact



**COSTCO**

+248%  
+\$9,6 billion

 **MERCK**

+32%  
+\$1,9 billion



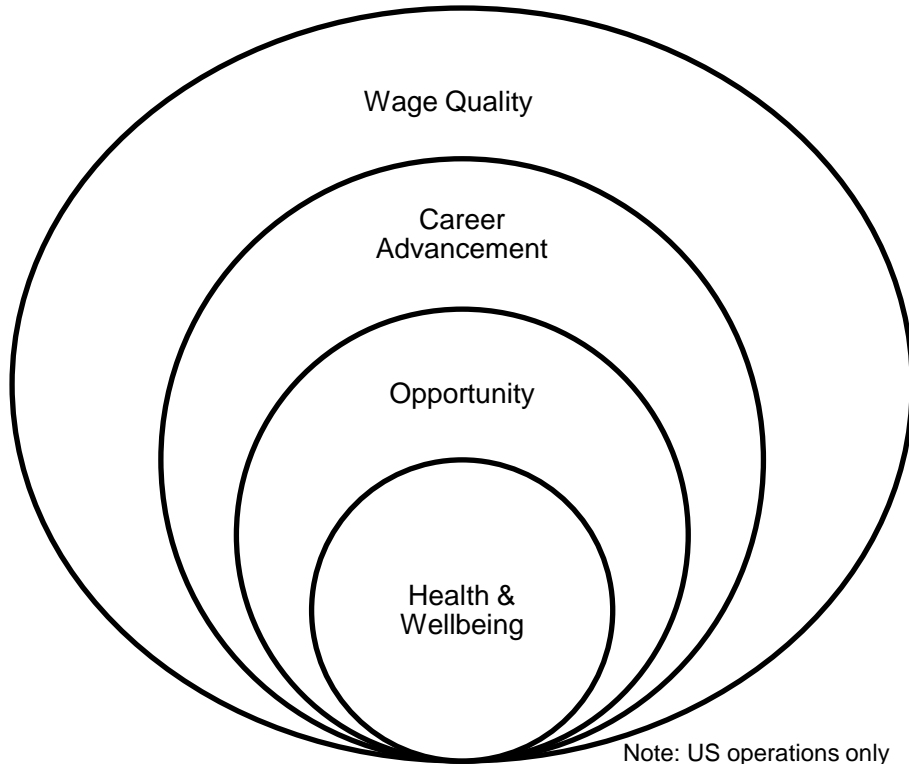
+69%  
+\$4,5 billion



+25%  
+\$7,9 billion

Note: US operations only  
Source: Freiberg, Panella, Serafeim and Zochowski.  
Accounting for organizational employment impact.

# Employees



**COSTCO**

+261%  
+\$10,1 billion



+98%  
+\$6,5 billion



+37%  
+\$2,2 billion

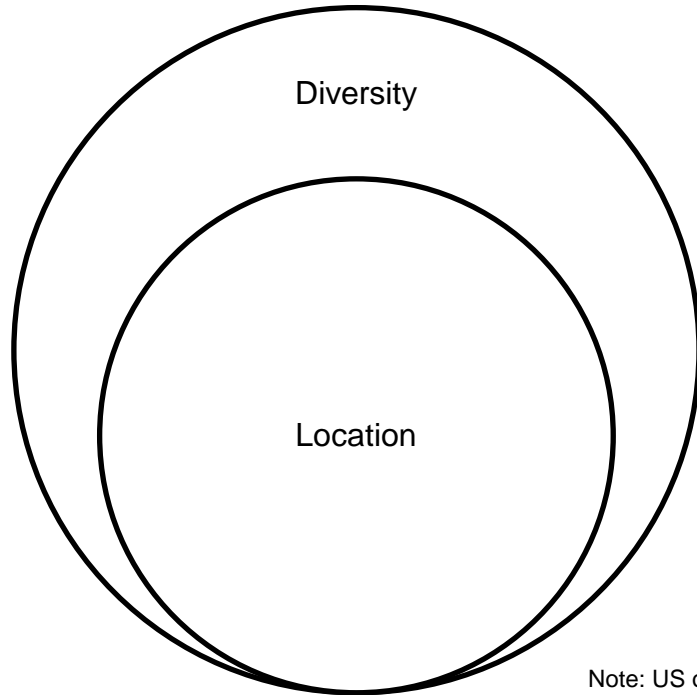


+32%  
+\$10,3 billion

Note: US operations only  
Source: Freiberg, Panella, Serafeim and Zochowski.  
Accounting for organizational employment impact.



# Labor Community



-4%  
-\$246 million



-14%  
-\$549 million



-7%  
-\$2,4 billion



-29%  
-\$1,9 billion

Note: US operations only  
Source: Freiberg, Panella, Serafeim and Zochowski.  
Accounting for organizational employment impact.

# Product Level

## Quantity and duration

How many products are sold and what is the average product life?

## Recyclability

What happens to the product once it has been consumed?

## Quality

Does the product work as it should?  
Does it pose health and safety concerns?



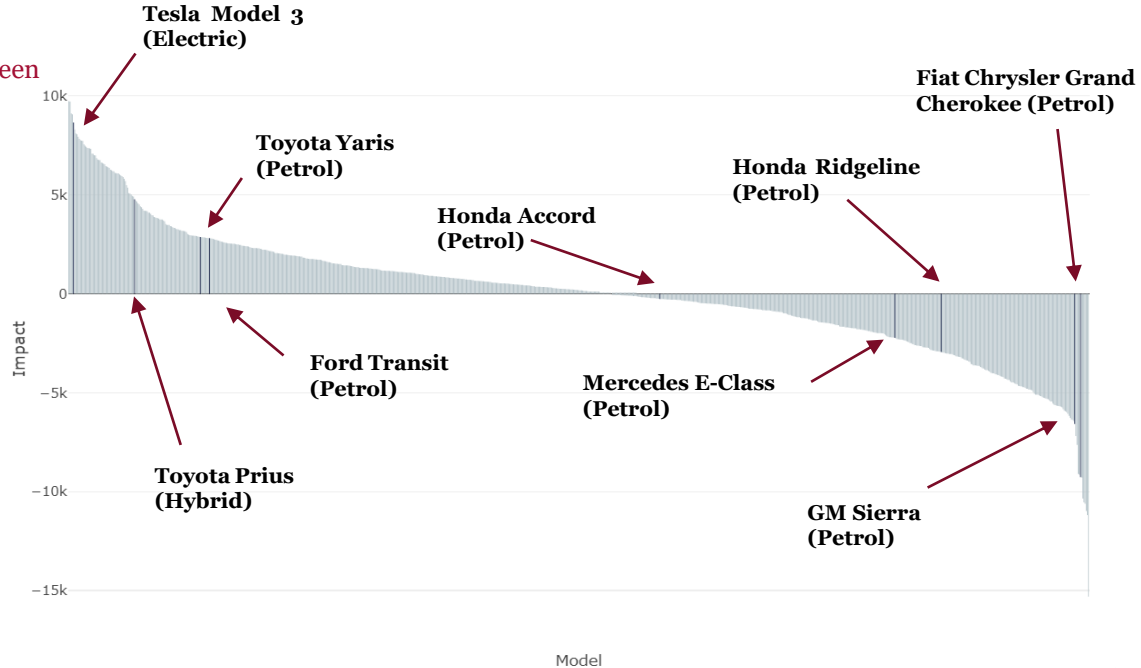
## Access

Is the product accessible and affordable?

## Emissions

What are the emissions' impacts resulting from product use?

## 2019 Product Impact in USD



# Outcome

*Creation of widely adopted financial accounts that reflect a company's financial, social, & environmental performance in a way that drives investor and managerial decision making*



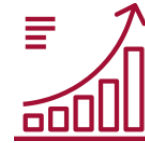
## Intuitive Measurement Unit

*Translates social & environmental impact into comparable units that business managers and investors intuitively understand.*



## Comparable & Aggregated

*Can be meaningfully aggregated and compared without obscuring important details needed for decision-making.*



## Existing Assessment Tools

*Displays financial and impact performance in the same accounts, allowing for the use of existing financial and business analysis tools to assess corporate performance.*

# Perfect vs Progress

“It is better to be roughly right than precisely wrong”

**John Maynard Keynes**

## We Each Have a Role to Play

If you lead a company, measure, improve and communicate your impact-weighted performance

If you are an investor, demand impact transparency from the companies you invest in and use impact-weighted numbers to assess opportunities and risk

If you are a regulator or government official, mandate the publication of impact-weighted accounts, and introduce taxes and incentives based on both profit and impact

And since we are all consumers, let's buy the products of companies that deliver positive impact

# THANK YOU

More information: [IWA](#)



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